SERVICES AGREEMENT

THIS SERVICES AGREEMENT between WRS, Inc. ("WRS") and Plaza Entertainment, Inc. ("Plaza") and its principals—Eric Parkinson, Charles vonBernuth and Thomas Gehring, is made as of this 2nd day of October, 1998.

A. Plaza and WRS have an existing manufacturing and business relationship, and Plaza has an immediate need for (I) working capital financing ("Financing") and (ii) certain administrative services, including, generation of sales invoices, collection of accounts receivables, performance of general accounting and related record keeping functions, monitoring and maintenance of inventories of packaging, finished goods, returns processing and repackaging (collectively, the "Administrative Services").

B. Plaza also needs to purchase post production services and video dubs (copies) in the normal course of its business (collectively, "Production Services"), has been obtaining Production Services from WRS on an open account basis pursuant to that certain Credit Application given by Plaza to WRS and WRS' standard terms and conditions ("Standard Terms") of sale which are a part of the Credit Application. Plaza owes WRS approximately $585,379.88 as of August 31, 1998 (subject to review and verification thereof), plus applicable interest thereon, for Production Services previously performed by WRS (the "WRS Receivable").

C. WRS, to enhance and increase its business relationship with Plaza, Eric Parkinson, Charles vonBernuth and Tom Gehring, and protect its interest in the WRS Receivable, is willing to perform the Administrative Services and continue to perform Production Services for Plaza on the terms and conditions described in this Agreement (all invoices for Production Services performed by WRS after the date of this Agreement are referred to as "New Invoices").

In consideration of the mutual promises set forth in this Agreement, the parties agree as follows.

**Section 1. Administrative Services.** Plaza hereby appoints and employs WRS as Plaza's exclusive agent to perform the Administrative Services for Plaza. WRS accepts said appointment and agrees to perform the Administrative Services for Plaza in accordance with the terms and conditions set forth in this Agreement. The performance of all activities by WRS, including the maintenance of all bank accounts relative to the Administrative Services, shall be as the agent of and for account of the Plaza. Plaza and WRS agree to arrange for a "lock box" or other similar arrangement with National Bank of Canada, its successor or other financial institution (the "Bank") for receipt of payment of Plaza's accounts receivable and distribution of such receipts in accordance with the terms of this Agreement. As compensation for the

EXHIBIT 16

Administrative Services, Plaza shall pay to WRS a monthly fee (the "Monthly Fees") equal to the greater of (i) $5,000 or (ii) one percent of the aggregate amount invoiced by WRS for Production Services during such month (but not to exceed $20,000 per month). In addition, Plaza shall reimburse WRS for all out of pocket expenses incurred by it in the performance of the Administrative Services (but excluding any personnel costs). WRS shall provide Plaza with a monthly statement setting forth the fees and expenses incurred on behalf of Plaza during such month, each of which shall be paid directly by Plaza to WRS within 30 days of the statement date. In the event any invoice remains unpaid after 30 days, WRS shall have the right to instruct the Bank to make payment of such invoice to WRS from the funds in the lock box account.

Section 1.1 Distribution of Lockbox Funds. The parties agree that until such time as all amounts owed to WRS by Plaza are less than 60 days, WRS shall instruct the Bank to distribute the funds in the lockbox account on a weekly in accordance with the following procedures:

1. With respect to each payment made by a customer of Plaza which is received during such week, WRS shall match such payment to the WRS invoice to Plaza for the products which are the subject of such customer's payment. If the payment (i) relates to the WRS Receivable then WRS and Plaza shall instruct the Bank to distribute an amount equal to 50% of each such payment to WRS and (ii) (ii) relates to a New Invoice then WRS and Plaza shall instruct the Bank to distribute an amount equal to 30% of each such payment to WRS;

2. WRS shall instruct the Bank to distribute the remaining funds to Plaza or in accordance with Plaza's instructions.

It is the intention of the parties that the arrangement contemplated above will result in each New Invoice being paid in full within 60 days of the date of such invoice. To the extent that New Invoices are not kept current under the distribution arrangement set forth above the parties agree to negotiate in good faith an appropriate distribution arrangement which will keep Plaza current on New Invoices; provided however in no event shall any New Invoice remain unpaid for more than 89 days after the date of such New Invoice.

Section 1.2 Incentive. As an incentive to foster the business relationships contemplated by this Agreement and to provide financial assistance to Plaza, WRS agrees to provide Plaza a credit against the WRS Receivable equal to fifty cents on the first 300,000 dubs that WRS produced for Plaza, such credit to be applied on the first anniversary of this Agreement or such earlier date as Plaza shall become current on all outstanding invoices from WRS; provided, however, such credit shall only be made if Plaza has fully complied with the terms of this Agreement.

Section 2 WRS' Internet Web Site. WRS agrees to place all of Plaza's titles, including the Hemdale titles, on WRS' Internet Web Site at full retail prices to obtain additional marketing exposure for Plaza.

Section 3 Assistance. WRS agrees to assist Plaza in its efforts to obtain adequate and appropriate financing with National Bank of Canada and/or other entities WRS deems appropriate, by effecting introductions to such entities, and if required, by partially subordinating its security interests in the WRS Receivable provided that the proceeds of such financing are used to satisfy a portion of such Receivable. Any resultant financing will be subject to Plaza's approval. It is mutually agreed that Plaza and its principals, Eric Parkinson, Charles vonBernuth and Tom Gehring (collectively, the "Principals"), will execute such documents as are required to accomplish the foregoing and to confirm that WRS shall have a security interest in all proceeds from all business activities of Plaza from any and all sources (excluding video kiosks), and/or any future entity WRS may designate to perform this function by until further notice; provided, however, that at such time as Plaza shall be current on payment of all invoices, the security interest in proceeds granted to WRS under this Section shall be limited to the proceeds of Plaza's distribution activities in the United States.

Section 4 Production Services. Plaza agrees that WRS shall have the sole and exclusive rights to perform Production Services for Plaza for all videos to be distributed in the United States, and WRS agrees to perform such Production Charges for Plaza in accordance with the current prices between WRS and Plaza in effect (copy attached) and reviewed annually. All other WRS services not listed that Plaza requires will be discounted 25% from WRS' then published prices. Plaza further agrees that WRS shall be its exclusive supplier of dubs and all of those other services WRS routinely provides for Plaza's product delivery to its domestic and international clients.

Section 5 Term This Agreement shall remain in effect until such time as the WRS Receivable and New Invoices shall have been paid in full. Thereafter, either party shall have the right to terminate this Agreement by giving the other party ninety days' written notice of termination. In the event of price disagreements at any annual price renegotiation contemplated in Section 4, WRS shall have the right of first refusal, but not the obligation to match any bona fide written competitive offers made by other first class laboratory facilities. It is mutually agreed that any such price reductions shall be correspondingly matched with the caliber and quality of workmanship and materials as are being offered by the competitive laboratory.

Section 6 Security Interest; Financial Information; Guaranty. Plaza hereby acknowledges that Plaza has granted WRS a security interest in certain collateral (the "Collateral") described in the UCC-1 Financing Statements previously filed with the Secretaries of State of California and Pennsylvania, copies of which are is attached to this Agreement, and agrees that it shall execute such documents as may be reasonable required by WRS to maintain the effectiveness of such filings and to protect WRS' interest in such Collateral to the extent reflected on such Financing Statements. In addition, Plaza shall provide WRS and/or National Bank of Canada with all such financial information concerning Plaza as WRS and/or National Bank of Canada shall reasonably request in order that WRS and/or National Bank of Canada can monitor Plaza's financial position and WRS can provide such administrative assistance as Plaza may from time to time require. In the event of a breach by Plaza of any of the terms of this Agreement or in the event Plaza shall become insolvent, WRS shall have the right to exercise any and all remedies as a secured creditor provided by provisions of the Uniform Commercial Code in effect where such Collateral is located. As a further inducement to WRS to enter into this Agreement, each of the Principals hereby guaranties the performance by Plaza of its obligations under the terms of this Agreement, including the payment of the WRS Receivable and New Invoices, and any other charges, expenses (including reasonable attorney's fees) and costs reasonably incurred by WRS in any proceeding to enforce any of the terms of this Agreement (collectively, the "Collection Expenses")

**Section 7 Acknowledgements.** The parties acknowledge and agree that this Agreement is intended to set forth the parameters of a working relationship which will promote their individual interests and to provide with WRS with incentives to continue to perform Production Services for Plaza. Accordingly, the parties agree to negotiate in good faith to establish the procedures necessary, and to execute any and all documents and further agreements that may be reasonably required, to more fully implement the terms of this Agreement.

Plaza Entertainment

By______________________
Title:

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Witness

______________________
Tom Gehring, Principal

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Witness

______________________
Charles vonBernuth, Principal

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Witness

______________________
Eric Parkinson, Principal

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Witness

WRS, Inc.

By______________________
Title:

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Plaza Entertainment

By____________________
Title

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Witness

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Tom Gehring, Principal

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Witness

[signature]
Charles vonBernuth, Principal

[signature]
Witness

[signature]
Eric Parkinson, Principal

[signature]
Witness

WRS, Inc.

By [signature] for F. Jack Napor
Title: C.F.O.